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FROM DOT/OST/OFFICE of GOVERNMENTAL AFFAIRS

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HALEY BARBOUR  
GOVERNORSTATE OF MISSISSIPPI  
OFFICE OF THE GOVERNOR

February 10, 2004

The Honorable Norman Y. Mineta  
Secretary  
United States Department of Transportation  
Washington, DC 20590

Dear Secretary Mineta:

I have been informed that the National Highway and Traffic Safety Administration of the Department of Transportation is considering a petition by Nissan North America for an exemption to the Corporate Average Fuel Economy program two-fleet requirement. The two-fleet rule, originally designed to encourage international manufacturers to produce cars in the United States, will actually have the opposite effect if applied in the present case.

It is my understanding that after 2005, NAFTA requires vehicles made in Mexico to be considered part of a manufacturer's domestic fleet when measuring fuel economy. If this rule is enforced, it could result in Nissan having to pay a CAFÉ penalty and could have serious negative consequences for Mississippians—and other Americans—in the automotive industry. To rebalance emissions under the two-fleet rule, Nissan could either decrease production of the Sentra in Mexico, which relies heavily on American-made auto parts or reduce production of the Nissan Altima, which is currently produced in Tennessee and is set to be soon produced in Canton, Mississippi. Neither of these is a good option for workers in Mississippi or in the rest of the United States.

I am informed that the law requires an exemption be granted unless you determine that it would decrease motor vehicle production employment in the United States. I am writing to let you know that quite the opposite is true with regard to Nissan North America: this exemption is likely to increase motor vehicle production in the United States, rather than decrease it, which enforcement of the two-fleet requirement probably would.

Granting this exemption would allow Nissan to continue its current expansion plans in Mississippi and elsewhere from now through 2010, while still meeting Congress' goal of increasing U.S. production. It will have concrete benefits to the workers of my state, which is now part of the growing Southern auto-manufacturing corridor. I urge you to grant this petition for exemption from the two-fleet requirement.

Thank you for your consideration of this issue.

Sincerely,

Haley Barbour

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